BP MARINE LIMITED
(Registered No 1214291)

ANNUAL REPORT AND ACCOUNTS 2006

Board of Directors F J Baudry
R E Griffin

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2006

Principal activity

The company is engaged in the purchasing and selling of marine products It also provides back office support services to the international marine business of the BP group

It is the intention of the directors that the above business of the company will continue for the foreseeable future

Review of activities and future developments

The company has had a satisfactory year and the directors believe that the trend will continue

The company is in a good position to take advantage of any opportunities which may arise in the future

Results

The profit for the year after taxation was $37,683,000, when added to the retained deficit brought forward at 1 January 2006 of $75,348,000, gives a total retained deficit carried forward at 31 December 2006 of $37,665,000 The directors do not propose the payment of a dividend

Directors

The present directors are listed above

Changes since 1 January 2006 are as follows

	Appointed	Resigned
K L James		15 September 2006
G F Whitely		15 September 2006
F J Baudry	15 September 2006	
S H Rataj	15 September 2006	1 February 2007
R E Griffin	1 February 2007	

Risks
The company aims to deliver sustainable value by identifying and responding successfully to risks Risk management is integrated into the process of planning and performance management at a Group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

Company level risks have been identified and classified in four categories delivery, inherent, enduring and financial.

Delivery risks

Delivery risks are those specific to implementing activities contained in the company plan Successful execution of this plan depends critically on implementing the set of activities described

Inherent risks

There are a number of risks that arise as a result of the business climate, which are not directly controllable

Competition risk
The oil, gas and petrochemicals industries are highly competitive There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency

Price risk
Oil, gas and product prices are subject to international supply and demand Political developments (especially in the Middle East) and the outcome of meetings of OPEC can particularly affect world supply and oil prices In addition to the adverse effect on revenues, margins and profitability from any future fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to a review for impairment of the group's oil and natural gas properties This review would reflect management's view of long-term oil and natural gas prices Such a review could result in a charge for impairment that could have a significant effect on the group's results of operations in the period in which it occurs

Enduring risks
The company sets high standards of corporate citizenship and aspires to contribute to a better quality of life through the products and services it provides This may create risks to reputation if it is perceived that actions are not aligned to these standards and aspirations

Technical integrity risk
There is a risk of loss of containment of hydrocarbons and other hazardous material at operating sites, pipelines or during transportation by road, rail or sea

Security risk
Acts of terrorism that threaten our plants and offices, pipelines, transportation or computer systems would severely disrupt business and operations

Financial Risk Management

The main financial risks faced by the company through its normal business activities are market risk, credit risk and liquidity risk The management of these financial risks is performed at a group (BP p l c Group) level

E+M

Market risk
Market risk is the possibility that changes in currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows The management of such risks is performed at BP Group level

Currency risk
Fluctuations in exchange rates can have significant effects on the company's reported profit The company's financial assets and liabilities give rise to transactional currency exposures Such exposures arise from transactions in a currency other than the company's functional currency The management of such risks is performed at BP Group level
BP's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar

Credit risk
Credit risk is the potential exposure of the company to loss in the event of non-performance by a counter party The management of such risks is performed at company level The company controls the related credit risk through credit approvals, limits, use of netting arrangements and monitoring procedures Counterparty credit validation, independent of the dealers, is undertaken before contractual commitment

Liquidity risk
Liquidity risk is the risk that sources of funding for the company's business activities may not be available This risk is managed by the BP Group on the company's behalf and as such the company has access to the resources of the group

Key performance indicators

The Companies Act requires directors to disclose the company's Key Performance Indicators (KPIs) BP manages its KPIs at a segment and geographical level As a result the directors have taken the decision not to disclose KPIs in individual subsidiary accounts The BP Group KPIs are included within the accounts of the ultimate parent undertaking BP p l c

Policy and practice with respect to payment of suppliers

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms A copy of the code of practice may be obtained from the CBI.

The number of days' purchases represented by trade creditors at the year-end was 22

Auditors

Ernst & Young LLP will continue in office as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985

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BP MARINE LIMITED

REPORT OF THE DIRECTORS

Directors' statement as to disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made inquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

Natalia Wright

Secretary

14 September 2007

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

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BP MARINE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company In preparing these financial statements, the directors are required

- To select suitable accounting policies and then apply them consistently,
- To make judgements and estimates that are reasonable and prudent,
- To state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- To prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements

BP MARINE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP MARINE LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes 1 to 18 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the directors' report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

17th September 2007

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BP MARINE LIMITED

ACCOUNTING POLICIES

Accounting Standards

These accounts are prepared in accordance with applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

The Group accounts of the ultimate parent undertaking contain a consolidated cash flow statement The Company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Revenue recognition

Revenues associated with the sale of marine fuel and lubricant products and all other items are recognised when title passes to the customer

Foreign currency transactions

Transactions in currencies other than dollars are recorded at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the rate of exchange ruling at the balance sheet date Any resulting exchange differences are included in the profit and loss account

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the purchase consideration of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired Goodwill is amortised over its estimated useful economic life, which has been determined as three years

Fixed assets

Fixed assets are initially recorded at cost

Stock valuation

Stocks are valued at cost to the company, using the first-in first-out method or at net realisable value, whichever is the lower

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Deferred tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future In particular

- Provision is made for tax on gains arising on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date

Operating Leases

Rentals under operating leases are charged against income as incurred

BP MARINE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 $000	2005 $000
Turnover	1	1,021,527	668,434
Cost of sales		(831,838)	(585,039)
Gross profit		189,689	83,395
Distribution and marketing expenses		(55,836)	(16,516)
Administration expenses		(96,727)	(97,310)
Other income	4	4,579	5,920
Operating profit / (loss)	2	41,705	(24,511)
Profit / (loss) on ordinary activities before interest and tax		41,705	(24,511)
Interest payable and similar charges	5	(4,006)	(5,025)
Interest receivable	5	5	29
Profit / (loss) before taxation		37,704	(29,507)
Taxation	6	(21)	-
Profit / (loss) for the year	14	37,683	(29,507)

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of $37,683,000 for the year ended 31 December 2006 (2005 loss of $29,507,000)

E+Y

BP MARINE LIMITED

BALANCE SHEET AT 31 DECEMBER 2006

	Note	2006 $000	2005 $000
Fixed assets			
Intangible assets	**8**	1,761	4,403
Tangible assets	**9**	2,234	3,458
		3,995	7,861
Current assets			
Stocks	**10**	18,723	13,688
Debtors - amounts falling due			
Within one year	**11**	447,160	555,807
After more than one year	**11**	10,069	14,163
Cash at bank and in hand		27	2,116
		475,979	585,774
Creditors amounts falling due within one year	**12**	(439,799)	(616,143)
NET ASSETS / (LIABILITIES)		36,180	(30,369)
TOTAL ASSETS LESS CURRENT LIABILITIES		40,175	(22,508)
NET ASSETS/ LIABILITIES		40,175	(22,508)
Represented by			
Capital and reserves			
Called up share capital	**13**	77,840	52,840
Profit and loss account		(37,665)	(75,348)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS	**14**	40,175	(22,508)

Director

14 September 2007

Ex4

BP MARINE LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, comprises amounts invoiced to third parties. Turnover is attributable to one continuing activity, the purchasing and selling of marine products

An analysis of turnover by geographical market is given below

	2006	2005
	$000	$000
By geographical area		
UK	826,966	525,612
Rest of Europe	49,766	34,272
USA	29,577	33,662
Rest of World	115,218	74,888
Total	1,021,527	668,434

2. Operating profit

This is stated after charging / (crediting)

	2006	2005
	$000	$000
Hire charges under operating leases		
Barge charters	5,465	-
Exchange (gain)/loss on foreign currency borrowings less deposits	(1,619)	86
Depreciation of owned fixed assets (including amortisation of intangibles)	3,956	4,072

E&Y

3. Auditors' remuneration

	2006	2005
	$000	$000
Audit of the financial statements	135	120

4. Other income

	2006	2005
	$000	$000
Income from fellow subsidiary undertakings	4,579	5,920
	4,579	5,920

5. Interest

	2006	2005
	$000	$000
Interest payable		
Loans from fellow subsidiary undertakings	4,006	5,025
Interest receivable		
Bank Interest	-	22
Interest received from Third Party debtors	5	7
	5	29

Ex4

6. Taxation

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988 No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation

	2006	2005
	$000	$000
Profit / (loss) before taxation	37,704	(29,507)
Current taxation	(21)	-
Effective current tax rate	0%	0%

	2006	2005
	%	%
UK statutory corporation tax rate.	30	30
Increase / (decrease) resulting from		
Timing differences	(3)	3
Non deductible expenditure / non taxed income	1	(3)
Group relief	(28)	(30)
Effective current tax rate	0	0

7. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2005 $Nil)

(b) Employee costs

The company had no employees during the year (2005 nil)

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8. Intangible assets

	Goodwill	Total
Cost	$000	$000
At 1 January 2006	7,926	7,926
At 31 December 2006	7,926	7,926
Depreciation		
At 1 January 2006	3,523	3,523
Charge for the year	2,642	2,642
At 31 December 2006	6,165	6,165
Net book value		
At 31 December 2006	1,761	1,761
At 31 December 2005	4,403	4,403
Principal rates of depreciation	33%	33%

8+4

9. Tangible assets

	Land & buildings	Fixtures & fittings	Plant & machinery	Total	Of which AUC*
Cost	$000	$000	$000	$000	$000
At 1 January 2006	133	10,907	3,834	14,874	100
Additions	-	88	2	90	71
Disposals	-	(2,487)	(505)	(2,992)	-
At 31 December 2006	133	8,508	3,331	11,972	171
Depreciation					
At 1 January 2006	133	8,822	2,461	11,416	-
Charge for the year	-	900	414	1,314	-
Disposals	-	(2,487)	(505)	(2,992)	-
At 31 December 2006	133	7,235	2,370	9,738	-
Net book value					
At 31 December 2006	-	1,273	961	2,234	171
At 31 December 2005	-	2,085	1,373	3,458	100

*AUC = assets under construction

10. Stocks

	2006	2005
	$000	$000
Finished goods and goods for resale	18,723	13,688
	18,723	13,688

The difference between the carrying value of stocks and their replacement cost is not material

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11. Debtors

	2006 Within 1 year $000	2006 After 1 year $000	2005 Within 1 year $000	2005 After 1 year $000
Trade debtors	334,873	-	289,450	-
Parent and fellow subsidiary undertakings	62,172	-	29,392	-
Prepayments and accrued income	48,505	10,069	27,017	14,163
Other	1,610	-	209,948	-
	447,160	10,069	555,807	14,163

12. Creditors

	2006 Within 1 year $000	2005 Within 1 year $000
Trade creditors	23,688	188,732
Parent and fellow subsidiary undertakings	389,278	404,432
Accruals and deferred income	25,396	22,809
Bank overdraft	114	-
Other	1,323	170
	439,799	616,143

13. Called up share capital

	2006 $000	2005 $000
Authorised share capital	182,740	182,740
Issued Share Capital: 100 ordinary shares of £1 each at exchange rate of US$1 87 = £1 on 1 January 1990 4,719,862 ordinary shares of £1 each at exchange rate of US$1 83 = £1 on 21 October 2004 25,031,260 ordinary shares of £1 each at exchange rate of US$1 77 = £1 on 17 October 2005 13,335,000 ordinary shares of £1 each at exchange rate of US$1 87 = £1 on 23 October 2006	77,840	52,840

BP MARINE LIMITED

NOTES TO THE ACCOUNTS

14. Reconciliation of movements in shareholders' funds

	2006	2005
	$000	$000
Profit / (loss) for the year	37,683	(29,507)
Issue of ordinary share capital	25,000	44,215
Net increase in shareholders' interests	**62,683**	**14,708**
Shareholders' interest at 1 January	(22,508)	(37,216)
Shareholders' interest at 31 December	40,175	(22,508)

15. Operating lease commitments

At 31 December the company had annual commitments under non-cancellable operating leases as set out below

	2006	2005
	Other $000	Other $000
Expiring		
Within 1 year	2,131	2,233
Between 2 to 5 years	-	2,168
Thereafter	-	-

16. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with group companies There were no other related party transactions in the year

17. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge

18. Ultimate parent undertaking

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP p l c , a company registered in England and Wales Copies of BP p l c 's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD

ExY